

1 XAVIER BECERRA
Attorney General of California
2 SARA J. DRAKE
Senior Assistant Attorney General
3 T. MICHELLE LAIRD
Supervising Deputy Attorney General
4 WILLIAM P. TORNGREN
Deputy Attorney General
5 COLIN A. WOOD, SBN 267539
Deputy Attorney General
6 1300 I Street, Suite 125
P.O. Box 944255
7 Sacramento, CA 94244-2550
Telephone: (916) 210-7754
8 Fax: (916) 327-2319
E-mail: Colin.Wood@doj.ca.gov
9 *Attorneys for the Bureau of Gambling Control*

10
11 **BEFORE THE**
12 **CALIFORNIA GAMBLING CONTROL COMMISSION**
13 **STATE OF CALIFORNIA**

14
15 **In the Matter of the Second Amended**
16 **Accusation and Statement of Issues Against:**

17 **PRCCC, INC., license number GEOW-**
18 **003362, d.b.a PASO ROBLES CENTRAL**
19 **COAST CASINO, license number GEGE-**
20 **001329**

21 **Sole Shareholder of PRCCC, Inc.:**
22 **DONALD G. EZZELL, license number**
23 **GEOW-03361**

24 **1124 Black Oak Drive**
25 **Paso Robles, California 93446**

26 **Respondents.**

BGC Case No. HQ2017-0003AL

OAH No. 2018080180

STIPULATED SETTLEMENT;
DECISION AND ORDER

Hearing Dates: November 18-20, 22, 2019;
February 11, 2020

Place: Office of Administrative Hearings
2349 Gateway Oaks Drive, Suite 200
Sacramento, CA 95833

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

2
3
4
5
6
7
8
9
10

11

12
13
14

15
16
17
18
19
20

21
22
23
24
25

1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8
9
0
1
2
3
4
5
6
7
8

2
3
4
5
6

7

8
9

10

11
12
13
14

15
16
17
18
19
20
21
22

23
24
25

26

27
28

1 Respondents admits that the factual and legal allegations in, and supporting, the Charging
2 Pleading, if proven, provide a sufficient legal and factual basis to discipline, and deny renewal of,
3 their licenses and for invalidation of any interim renewal license.

4 11. Each Respondent understands and agrees that the admissions made in paragraph 10
5 above may be entered into evidence in any legal proceeding brought or prosecuted by the
6 Commission or the Bureau as if those admissions were made under oath and penalty of perjury.
7 The admissions made by Respondent herein are only for the purposes of this proceeding, or any
8 future proceedings in which the Bureau, the Commission, or any successor agency is involved,
9 and shall not be otherwise admissible in any criminal, civil, or unrelated administrative
10 proceeding.

11 12. Upon the effective date of the Decision and Order issued by the Commission
12 adopting this Stipulated Settlement (Effective Date), Respondents' pending state gambling license
13 applications will be granted and their state gambling licenses will be renewed. Immediately
14 thereafter, Respondents' state gambling licenses will be revoked. The revocations, however, shall
15 be stayed as provided in paragraph 13 of this Stipulated Settlement. Each Respondent
16 acknowledges, understands, and agrees that the stay of revoking his or its state gambling license
17 is intended to preserve the Casino's existence for purposes of Business and Professions Code
18 sections 19962 and 19963, to allow a possible sale of Mr. Ezzell's shares in the Corporation or
19 the Corporation's ownership interest in the Casino's assets or business, and to allow the Casino to
20 be a going concern for whatever benefits that it may provide its employees, the community, and
21 general public. In addition to and as part of their waivers set forth in paragraphs 8 and 9 above,
22 each Respondent expressly, voluntarily, and knowingly waives any privilege or right available
23 under, or conferred by, Government Code section 11522.

24 13. Revocation of Respondent's license shall be stayed for 12 months from the
25 Effective Date (the Stay Period) during which time Respondents shall make a good faith and
26 diligent effort to sell Mr. Ezzell's shares in the Corporation or the Corporation's ownership
27 interest or the Casino's assets or business. Upon Respondents' showing of good cause and
28 diligence, the Commission may extend the Stay Period for an additional 12 months. Except as

1 provided herein, under no circumstances may the Stay Period be extended or otherwise
2 lengthened beyond 24 months from the Effective Date. At the end of 12 months and any
3 extension not to exceed 12 months, the Stay Period will expire, except if a complete application
4 for approval of a sale (the Sale Application) is pending before the Bureau or the Commission, in
5 which case the Stay Period shall continue until the earliest of (a) August 31, 2022, or any license-
6 extension period allowed by the Act, (b) the date the Commission denies the Sale Application, or
7 (c) the date that a sales transaction is closed and ownership is transferred following the
8 Commission's approval of the Sale Application. The Bureau recognizes and acknowledges that
9 good cause exists to expedite review of any Sale Application because of Respondents' license
10 revocation and the desire to preserve and protect the possible interests of the Casino's employees,
11 the community, and the general public.

12 a. The Stay Period shall terminate, and Respondents' licenses be revoked, upon any
13 of the following events: (1) Respondents close a sale of Mr. Ezzell's shares or the
14 Corporation's ownership interest or of the Casino's assets or business (Sales
15 Event); or (2) a violation of, or failure to comply with, the conditions set forth in
16 paragraph 16 of this Stipulated Settlement. Each Respondent understands,
17 acknowledges, warrants, represents, and agrees that any Sales Event shall be
18 subject to the Commission's prior approval.

19 b. Upon the expiration or termination of the Stay Period, Respondents' state
20 gambling licenses shall be automatically revoked without hearing or any right to
21 appeal. Each Respondent expressly waives any right to appeal, or to contest, such
22 revocation. Each Respondent further expressly waives any right to hearing on
23 such revocation.

24 14. In consideration of this Stipulated Settlement, the Complainant waives her prayer for,
25 or claim to, monetary penalties under Business and Professions Code section 19930, subdivision
26 (c).

27 15. Respondents, jointly and severally, agree to pay the Bureau the sum of \$65,000 (Cost
28 Recovery) as the reasonable costs of investigation and prosecution of this matter as provided for

1 in Business and Professions Code section 19930. When paid, the Cost Recovery will be
2 deposited, in accordance with Business and Professions Code sections 19930, subdivision (f), and
3 19950, subdivision (b). The Cost Recovery will be paid upon expiration or termination of the Stay
4 Period. If the Stay Period terminates as the result of a Sales Event, the Cost Recovery will be
5 paid in full upon the closing. Respondents shall instruct the purchaser under any sales or similar
6 agreement and the escrow holder to pay \$65,000 at the closing to the Bureau, which shall have a
7 lien on the proceeds of the sale for the Cost Recovery.

8 16. During the Stay Period, Respondents shall meet, or perform, the following conditions:

- 9 a. Respondents shall cause the Casino to comply at all times with California Code of
10 Regulations, title 11, section 2053 (Section 2053).
- 11 b. For chips-in-use liability and all chips outside the control of the gambling
12 establishment, the Casino shall maintain a separate insured, unencumbered, non-
13 hypothecated bank account with funds greater than the Casino's chips-in-use
14 liability plus the value of all Casino chips outside the control of the gambling
15 establishment. The chips-in-use account must be with a bank, not a brokerage
16 firm. The funds shall be maintained in cash.
- 17 c. The Casino shall immediately update its written policies and procedures for
18 compliance with Section 2053 and provide the Bureau with a copy of these
19 updated written policies and procedures within five days. The Casino shall
20 provide the Bureau with any future revisions at any time upon request, and in any
21 case at least once annually.
- 22 d. The Casino shall provide its contracted Third-Party Provider an on-premises
23 lockable cabinet or podium for the Third-Party Provider's exclusive use and
24 storage of chips in use. This will be located onsite in an area approved by the
25 Bureau and will serve as a secured physical location that is accessible only to the
26 Third-Party Provider's players and/or supervisors.
- 27 e. Neither the Casino nor any person acting on its behalf shall have access to the
28 Third-Party Provider's chips in use or the lockable cabinet or podium provided

pursuant to this paragraph 16.

- f. Third-Party Provider onsite funds shall not be comingled with, and shall be kept separate from, the Casino's funds. The Casino shall not use the Third-Party Provider onsite funds for any reason, including, among other things, bill denomination exchanges, short-term ATM use, or to collect for liabilities alleged to be owed by the Third-Party Provider.
- g. The Casino shall provide to the Bureau quarterly a profit and loss statement of operations and monthly copies of bank account statements showing all transactions in Section 2053 funds for the month, a statement of chip inventory, and a statement of outstanding chip liability for chips outside the control of the gambling establishment. Each statement shall be in a form satisfactory to the Bureau. Additionally, the Casino shall provide the Bureau with any other financial reports, operations reports, policies and procedures, or statements that the Bureau may require, and shall make interim versions of such reports, policies, and statements, as well as the Casino's books and records, available to the Bureau for inspection immediately upon demand.
- h. The Casino shall comply with all Bureau requests to inspect, examine, or test all camera and surveillance equipment. The Casino shall comply with all Bureau requests to copy surveillance video on to Bureau copying and saving devices. The Casino shall provide the Bureau, at least annually and more often as requested by the Bureau, with a certificate of the Paso Robles Police Department respecting the integrity, operability, and good working order of all Casino camera and surveillance equipment.
- i. Respondents and the Casino shall comply in all material respects with the Act, the regulations adopted under the Act, the Penal Code, and any federal, state, or local laws, ordinances, and regulations governing gambling or the operation of gambling establishments.

1 j. Respondents shall bear all costs relating to complying with the terms set forth in
2 this Stipulated Settlement.

3 17. Pending the Commission's adoption of this Stipulated Settlement, Respondents shall
4 comply in all respects with the conditions set forth above in paragraph 16. From the Effective
5 Date and during the Stay Period, Respondents shall comply in all respects with the conditions set
6 forth in this Stipulated Settlement. Each Respondent understands and agrees that the violation of,
7 or failure to comply with, any of the conditions set forth in this Stipulated Settlement shall
8 constitute a sufficient basis, in and of itself, to terminate the stay, making revocation of his or its
9 state gambling license immediately effective.

10 18. Respondents agree that it shall be a default under this Stipulated Settlement to (a) fail
11 to pay the Cost Recovery when due, or (b) fail otherwise to comply with any term of this
12 Stipulated Settlement.

13 19. If Respondents default in payment of any monies due under this Stipulated Settlement
14 in any way, Respondents agree that the Commission's Decision and Order adopting the Stipulated
15 Settlement may be presented to the Sacramento County Superior Court and, after notice to
16 Respondents and an opportunity to be heard, judgment entered thereon. Respondents further
17 agree that the judgment shall include interest, calculated at the maximum rate allowed by law to
18 accrue from the Effective Date. Respondents also agree that the judgment shall include the
19 Bureau's costs of obtaining, enforcing, and collecting the judgment. Costs shall include
20 reasonable attorney fees calculated at then prevailing hourly rates for services provided in the
21 private sector for attorneys of comparable experience.

22 20. Respondents agree that upon a default, any license issued by the Commission to them
23 shall be deemed to be revoked automatically and immediately and shall be of no further effect.
24 Each Respondent expressly waives any right to hearing with respect to, or arising out of, any
25 license revocation based upon a default in paying the Cost Recovery or based upon the allegations
26 of the Charging Pleading that are admitted to in paragraph 10 above. The parties understand and
27 acknowledge that Respondents may request a hearing as to any other basis for default.

1 21. Respondents have been advised and, therefore understand and acknowledge, that
2 upon the Effective Date, their interim renewal licenses will cease to be valid and will be
3 automatically canceled. (Cal. Code Regs., tit. 4, § 12035, subd. (b)(2).)

4 22. If the Stay Period exceeds the term, or expiration date, of any license granted and
5 issued pursuant to this Stipulated Settlement, Respondents acknowledge and agree that any
6 renewal license granted by the Commission will require their continued compliance with this
7 Stipulated Settlement for the entire Stay Period.

8 23. The parties agree that this Stipulated Settlement fully resolves their dispute
9 concerning the Charging Pleading, and that, except upon default, no further penalties, fines, and
10 costs shall be sought against Respondents based solely upon the allegations contained within the
11 Charging Pleading.

12 24. This Stipulated Settlement shall be subject to adoption by the Commission.
13 Respondents understand and specifically agree that counsel for the Complainant, and the
14 Bureau's staff, may communicate directly with the Commission regarding this Stipulated
15 Settlement, without notice to, or participation by, Respondents or their counsel, and that no such
16 communication shall be deemed a prohibited ex parte communication. Respondents specifically
17 acknowledge and agree that such communications are permissible pursuant to Government Code
18 section 11430.30, subdivision (b).

19 25. By signing this Stipulated Settlement, each Respondent understands and agrees that
20 he or it may not withdraw his agreement or seek to rescind the Stipulated Settlement prior to the
21 time the Commission considers and acts upon it. If the Commission fails to adopt this Stipulated
22 Settlement as its Decision and Order, this Stipulated Settlement shall be of no force or effect and,
23 except for actions taken pursuant to this paragraph and paragraph 24 above, it shall be
24 inadmissible in any legal action between the parties. The Commission's failure to adopt the
25 Stipulated Settlement shall not disqualify the Commission from any further action regarding
26 Respondents' licensure, including, but not limited to, disposition of the Charging Pleading by a
27 decision and order following a hearing on the merits.


26. This Stipulated Settlement may be executed in counterparts. The parties agree that a photocopy, facsimile or electronic copy of this Stipulated Settlement, including copies with signatures thereon, shall have the same force and effect as an original.

27. In consideration of the above admissions and stipulations, the parties agree that the Commission may, without further notice or formal proceeding, issue and enter the Decision and Order adopting this Stipulated Settlement.

ACCEPTANCE

Each Respondent has carefully read and considered the above Stipulated Settlement. Respondent has discussed its terms and effects with legal counsel. Each Respondent also understands the Stipulated Settlement and the effects it will or may have on his or its state gambling license. Each Respondent further understands that his or its state gambling license will be revoked subject to a 12-month stay and conditions. Respondents further understand that they, jointly and severally, will be obligated to pay the Bureau a total sum of \$65,000 in Cost Recovery and that the failure to pay any portion of that amount when due, or to abide by the conditions and terms of the Stipulated Settlement, could result in lifting the stay and revocation of their state gambling licenses. Respondents enter into this Stipulated Settlement voluntarily, knowingly and intelligently, and agrees to be bound by its terms.

Dated: February 17, 2020


Donald G. Ezzell
Respondent

Dated: February 17, 2020

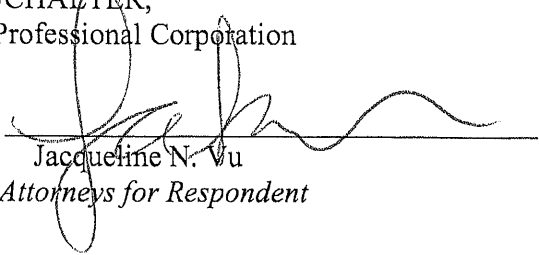
PRCCC, INC.

By [Signature]
Its President
Respondent

1 Approved as to Form:

2 Dated: February 11, 2020

3 BUCHALTER,
4 A Professional Corporation

5 By 
6 Jacqueline N. Vu
7 *Attorneys for Respondent*

8 **COMPLAINANT'S ACCEPTANCE**

9 Dated: February __, 2020

10 _____
11 STEPHANIE SHIMAZU, Director
12 Bureau of Gambling Control
13 California Department of Justice

14 The foregoing Stipulated Settlement is hereby respectfully submitted for consideration by
15 the California Gambling Control Commission.

16 Dated: February __, 2020

17 XAVIER BECERRA
18 Attorney General of California
19 SARA J. DRAKE
20 Senior Assistant Attorney General
21 T. MICHELLE LAIRD
22 Supervising Deputy Attorney General
23 WILLIAM P. TORNGREN
24 Deputy Attorney General

25 _____
26 COLIN A. WOOD
27 Deputy Attorney General
28 *Attorneys for the Complainant*

1 Approved as to Form:

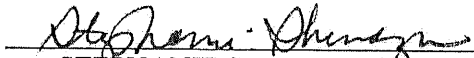
2 Dated: February __, 2020

BUCHALTER,
A Professional Corporation

3
4 By _____
5 Jacqueline N. Vu
6 *Attorneys for Respondent*

7 **COMPLAINANT'S ACCEPTANCE**

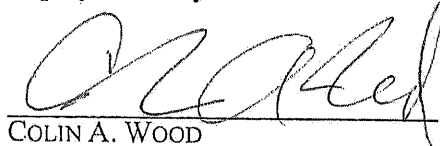
8
9 Dated: February 11, 2020

10 
11 STEPHANIE SHIMAZU, Director
12 Bureau of Gambling Control
13 California Department of Justice

14 The foregoing Stipulated Settlement is hereby respectfully submitted for consideration by
15 the California Gambling Control Commission.

16 Dated: February 11, 2020

XAVIER BECERRA
Attorney General of California
SARA J. DRAKE
Senior Assistant Attorney General
T. MICHELLE LAIRD
Supervising Deputy Attorney General
WILLIAM P. TORNGREN
Deputy Attorney General

21 
22 COLIN A. WOOD
23 Deputy Attorney General

24 *Attorneys for the Complainant*

DECISION AND ORDER OF THE COMMISSION

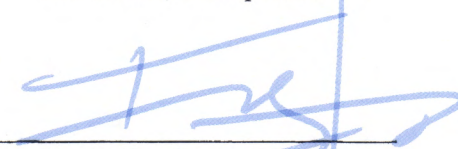
The California Gambling Control Commission hereby adopts the foregoing Stipulated Settlement of the parties for the case of *In the Matter of the Second Amended Accusation and Statement of Issues Against: PRCCC, Inc., etc.*, BGC Case No. HQ2017-00003AL, and OAH Case No. 2018080180, as its final Decision and Order in the matter to be effective upon execution below by its members.

IT IS SO ORDERED

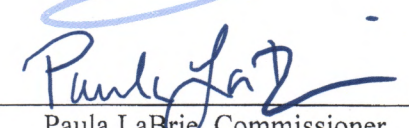
Dated: 5-28-2020


Jim Evans, Chairperson

Dated: 5/28/20


Trang To, Commissioner

Dated: 5/28/20


Paula LaBrie, Commissioner

Dated: 5/28/20


Gareth Lacy, Commissioner